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E.O. 12958: N/A

TAGS: [OIIP](#) [KMDR](#) [KPAO](#) [PGOV](#) [PINR](#) [ECON](#) [ELAB](#) [JA](#)

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 12/12/07

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3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, December 11

07:56

Attended an emergency meeting of relevant cabinet ministers on small businesses suffering from rising oil prices.

08:31

Attended a cabinet meeting. Land and Transport Minister Fuyushiba stayed on. Afterward met Chief Cabinet Secretary Machimura.

09:28

Met Tokyo Governor Ishihara at the Kantei.

10:00

Met Deputy Chief Cabinet Secretary Ono, followed by Science Council of Japan Chairman Ichiro Kanazawa and Economic, Fiscal Policy Minister Ota.

12:24

Met Machimura.

14:38

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Met Internal Affairs and Communications Ministry Administrative Management Bureau Director General Muraki, followed by International Criminal Court judge-elect Saiga. Afterward met actor Ryotaro Sugi and Lower House member Okiharu Yasuoka.

15:47

Met LDP Consumer Affairs Research Commission Chairperson Seiko Noda and others, followed by Fuyushiba, Education Minister Tokai and others. Fuyushiba and other stayed on.

16:50

Met LDP Comprehensive Agricultural Administration Research Commission Chairman Hori, former LDP Secretary General Kato and others. Afterward met Machimura.

19:32

Met New Komeito Representative Ota at the Kantei.

22:07

Returned to his residence in Nozawa.

4) LDP, New Komeito heads confirm plan to extend Diet session until January to allow Lower House to readopt new antiterrorism bill

MAINICHI (Top) (Full)
December 12, 2007

Prime Minister Yasuo Fukuda (who is also LDP president) had a meeting with New Komeito Representative Akihiro Ota at the Prime Minister's Official Residence (Kantei) last night. The two leaders agreed to enact the new antiterrorism bill during the current Diet session. They also confirmed a plan to re-extend the Diet session, due to end on Dec. 15, until mid-January and to use a two-third House of Representatives override vote to pass the bill in the event the House of Councillors votes it down or the chamber fails to take final action within 60 days after receipt of the bill from the Lower House. The prime minister seems to have conveyed a cautious view to Ota about the New Komeito's concern over early Lower House dissolution for a snap general election.

The one-on-one meeting lasted for two hours over dinner.

Fukuda indicated that he would seek the understanding of opposition parties are opposed to re-extending the Diet session through ruling party executives. Ota said that the ruling bloc should continue urging the major opposition Democratic Party of Japan (DPJ or Minshuto) to vote on the bill before year's end even if the Diet session is to be re-extended until January.

After the meeting, Ota, while denying discussion on Lower House dissolution, said to reporters: "The prime minister is well aware that I have been saying that (Lower House dissolution) should wait until next fall or later."

The government and ruling camp extended the Diet session, which was originally scheduled to close on Nov. 10, by 35 days. Although the antiterrorism bill cleared the Lower House on Nov. 13, a question-and-answer session in the opposition-controlled Upper House slipped to Dec. 4. The opposition bloc is demanding 41 hours of deliberation time on par with the Lower House. Total deliberation time in the upper chamber is expected to be about 17 hours, however. The enactment of the bill requires a lengthy extension of the Diet

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session.

The Diet Law specifies the "dominance of the Lower House" in the event decisions on a Diet extension are split between the two chambers or the upper chamber fails to take a vote. The government and ruling parties are expected to decide on a re-extension on Dec. 14.

5) DPJ cautious about presenting its own bill to Diet in response to new refueling bill, putting high priority on MOD scandals

TOKYO SHIMBUN (Page 2) (Full)
December 12, 2007

The foreign affairs and defense committee of the major opposition Democratic Party of Japan (DPJ or Minshuto) yesterday finalized the outline of its bill titled "The Special Measures Law on Reconstruction Assistance to Afghanistan," an alternative to the government's new antiterrorism special measures bill. The DPJ, however, is unlikely to submit the outline as a bill to the current Diet session. The party's decision not to turn the outline into a bill is hard to understand.

According to the outline, the envisaged bill is for time-limited legislation valid only for one year. Self-Defense Forces personnel will provide people assistance with medical care, food, and everyday goods after a ceasefire is reached in Afghanistan.

SDF activities will be based on UN Security Council Resolution 1386 on the establishment of the International Security Assistance Force (ISAF). The party's outline in November did not refer to any UN resolution. This drew criticism of a gap with President Ichiro Ozawa's standpoint that the overseas dispatch of the SDF should be limited to peace-building activities authorized by a UN resolution. The new outline apparently puts high priority on consistency.

Ozawa said in a press conference yesterday: "We have yet to decide on whether to turn (the outline) into a bill." A senior DPJ lawmaker explicitly said, "We will not submit (a bill) to the Diet in the current session."

This policy is in line with the DPJ's Diet strategy. The DPJ prioritizes the series of scandals involving the Ministry of Defense (MOD) over deliberations on the new antiterrorism bill. The party is trying to forgo presenting its own counterproposal, judging that if an alternative bill is presented, discussion would focus on differences with the new alternative bill and it would proceed at a pace of the ruling bloc.

Now that the outline has been produced, the ruling camp is likely to push the DPJ to produce its own bill. Discontent is also growing in the DPJ, with a mid-level member saying, "We should present a bill to the Diet to let people know what the DPJ will do."

6) DPJ holds study meeting to plan censure of premier

TOKYO SHIMBUN (Page 2) (Full)
December 12, 2007

The leading opposition Democratic Party of Japan (Minshuto) held a study meeting yesterday in the Diet to arm itself theoretically in preparation for submitting a censure motion against Prime Minister

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Fukuda to the opposition-dominated House of Councillors after the ruling coalition of the Liberal Democratic Party and New Komeito revotes on a new antiterror bill in the House of Representatives and overrides the upper chamber's decision.

"Second-time passage is based on the Constitution," One of the ruling coalition's lawmakers said. "But," this lawmaker added, "the Constitution does not stipulate a censure motion, so we can ignore it." The DPJ held the study meeting to rebut this position of the ruling coalition.

The study meeting was held with DPJ Vice President Naoto Kan, DPJ Secretary General Yukio Hatoyama, and other party executives

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attending. The Constitution, in its Article 66, stipulates that the cabinet shall be collectively responsible to the Diet. Citing this provision, Yoshiharu Asano, a professor at Daito Bunka University, explained that the House of Councillors, as well as the House of Representatives, can censure the prime minister, who heads the cabinet.

Within the DPJ, however, there are also arguments negative about submitting a censure motion. "In the end, we will make a decision based on political judgment," one of the party's executive officers told reporters after the study meeting.

7) DPJ in action plan for fiscal 2008 aims to take helm of government in next Lower House election

YOMIURI (Page 2) (Slightly abridged)
December 12, 2007

The Democratic Party of Japan (DPJ or Minshuto) revealed yesterday its action plan for fiscal 2008. According to the plan, the DPJ will make an all-out effort to force an early dissolution of the House of Representatives so that a general election will be called. The action plan also calls on party members to unite so that a DPJ-led government will be able to be formed. The DPJ takes a clear a stance of aiming at a change of government in the next Lower House election. The party will adopt the action plan in its convention on Jan. 16.

The action plan points out that under the present political situation, in which the opposition camp controls the Upper House and the ruling bloc dominates the Lower House, the cabinet of Prime Minister Yasuo Fukuda appears to have reached a dead end. Looking objectively at the circumstances, the party sees no other choice for the prime minister but to dissolve the Lower House and call a snap election.

The DPJ intends to complete as early as possible the selection of candidates who can win in the election. The party aims to win more than 150 seats in the 300 single-seat districts. The party also aims to gain more supporters in urban areas, increasing the base of support that boosted it in the recent House of Councillors election. The action plan also notes that the party will hold a fund-raising party next summer.

The action plan advocates the need for strengthening cooperation with Rengo (Japan Trade Unions Confederation) in order to narrow socioeconomic disparities in the country. It also includes the target of boosting party membership and supporters from the present 200,000 to 250,000.

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8) Government reneges on public commitment to identify to very last pension account holders: Mistrust in administration likely to grow; "The result would have been the same, even if another person had been in charge"

TOKYO SHIMBUN (Page 2) (Full)
December 12, 2007

Labor, Health and Welfare Minister Yoichi Masuzoe yesterday revealed that efforts to identify holders of about 40 PERCENT or 19.75 million public pension accounts out of approximately 50 million premium payment records have bogged down. Then Prime Minister Shinzo Abe during the Upper House election campaign last summer repeatedly said, "The government will pay every last yen to the very last person." But now, the ministry finds it unavoidable to renege on that pledge. Public mistrust in the administration is bound to heighten.

According to the findings of the investigation, of the 19.75 million public pension accounts or about 38.8 PERCENT of the some 50 million accounts that remain unidentified, there are 9.45 million accounts that have been categorized as unidentifiable, even if computerized records are compared with the original paperwork due to erroneous input of data into the (Social Insurance Agency's = SIA) online system.

Holders of only 11 million accounts have been identified. Accounts that are undergoing the correction of holders' names reached 4.7 million or 9.2 PERCENT. Cases that cannot lead to new benefit payments, such as holders who are believed to have died, came to 15.5 million or 30.4 PERCENT.

Masuzoe frowned on the unexpected results, noting, "To be honest, I never imagined that the situation was as bad as this."

The government and the ruling camp decided to complete the matching procedure on 50 million accounts by next March. In response, the SIA has developed a computer program to trace pension premium payment records using registered name, date of birth and gender. The computer-based matching procedure supposedly made progress in one sweep from December, once the computer-based procedures start operating.

However, according to the findings of the investigation revealed yesterday, it was found that there were too many sloppy records, including incorrect names having been recorded, revealing that the computer-based matching procedure is not making progress as expected.

Chief Cabinet Secretary Nobutaka Machimura said, "What the government will complete by next March is the computer-based matching procedure and notifying pension beneficiaries of new findings." He underscored, "There is no problem about the identification work itself." However, it would be unavoidable for the government to come in for public criticism as failing to keep the pledge, if a large number of premium payment records remain unidentified.

It is also necessary to verify 9.45 million accounts that were erroneously input into the computer system, by comparing them with the original paper work. However, there is no means of tracing a

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considerable number of records due to the loss of the original paper documents by the SIA or illegible data because of a poor state of preservation.

Masuzoe has already withdrawn the government pledge for a complete settlement of the pension fiasco, saying, "The identification procedure is endless. There are accounts whose holders cannot be identified." He has already made a remark that can be taken as a defiant attitude. He said, "I would feel responsible if the verification work failed because I am the minister in charge, and if other person were in charge, it would have been possible. However, the results would have been the same, even if another person had been in charge."

9) Government, ruling camp desperately trying to cap criticism that commitment has been broken

NIKKEI (Page 3) (Slightly abridged)
December 12, 2007

Chief Cabinet Secretary Nobutaka Machimura yesterday stated: "We did

not say we would complete the identification process - down to the last person and last yen -- by the end of March, but used simplified expressions during the election campaign, saying 'Everything within the current fiscal year'."

According to the government's official position, the government has pledged to complete by March next year two points regarding about 50 million pension accounts: (1) to identify the computer-based records of pension account holders and (2) to notify those account holders by mail. The government's position is that it has not pledged to complete the entire process by the end of March.

Former Prime Minister Shinzo Abe, however, clearly stated during the July House of Councillors election: "The government pledges to check pension accounts until the last person is identified and pay the money." Health, Labor and Welfare Minister Yoichi Masuzoe also has repeatedly made similar statements, not changing his stance since the inauguration of the cabinet of Prime Minister Yasuo Fukuda. This gave the impression that the government has pledged to resolve the pension issue by the end of March.

Opposition parties intend to pursue the government's responsibility in a thoroughgoing manner with an eye on a censure motion against Masuzoe. The opposition camp is enthusiastic about taking advantage of the pension issue, which gave the opposition a big win in the July Upper House election.

Democratic Party of Japan (DPJ or Minshuto) President Ichiro Ozawa stressed in a press conference yesterday: "The government violated its commitment, and its responsibility is significant." He also criticized Machimura's statement, saying: "It is a sacrilege against the public and an irresponsible remark." Ozawa ordered DPJ policy chief Masayuki Naoshima and Akira Nagatsuma, who is in charge of the pension issues, to do their best in dealing with the matter.

10) LDP to give no favorable treatment to proportional representation candidates in next Lower House election; "Koizumi's children" unhappy with the party's decision

YOMIURI (Page 4) (Excerpts)
December 12, 2007

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The ruling Liberal Democratic Party (LDP) held a meeting yesterday of its Election Committee, chaired by Makoto Koga, at its headquarters. In the meeting, the LDP decided to reduce the number of candidates to run in only the proportional representation segment in the next House of Representatives, as well as to give no favorable treatment to candidates to run in both single-seat constituencies and the proportional representation segment.

The LDP also decided to choose those who can win the next Lower House race as its candidates for six electoral districts in which former postal rebels as well as their "assassins," who got their Diet seats in the proportional representation race after being defeated in single-seat constituency races, plan to run. The party does not plan to introduce the Costa Rica method, in which one LDP candidate runs in a single-seat constituency and the other runs for the proportional representation bloc.

LDP lawmakers who are not being picked as candidates for single-seat constituencies they had hoped for will have to run in "vacant districts." The LDP executive has put off the selection of candidates for "vacant districts" to the Jan. 17 party convention.

In the 2005 Lower House election, the LDP gave favorable treatment to "assassins" and female candidates. As a result, many first-time candidates called "Koizumi's children" were elected.

The party leadership, however, has decided to take a strategy of winning votes in single-seat constituencies, determining that the LDP will face an uphill fight in the next Lower House.

11) Japan in quandary, ahead of prime minister's planned visit to China, over China's refusal to correct rewritten document

It was revealed that the Chinese government rewrote a diplomatic document compiled in a meeting of the Japan-China High-Level Economic Dialogue and announced the altered one. In reaction, the Japanese government has urged China to correct its altered announcement, but the Chinese government has expressed its unwillingness to respond to Japan's request. With Prime Minister Fukuda's planned visit to China near at hand, Tokyo hopes to keep the issue from lingering, but mutual distrust may emerge depending on China's future response. The government is now under pressure to respond.

Chinese Foreign Ministry Spokesman Qin Gang stated yesterday: "The communiqué is not a joint document. It is quite normal that both sides' contents are not identical." The Chinese Commercial Department also issued the same day a statement reading: "(Japan and China) offered the contents of the meeting in their respective communiqués," making it clear that China will not respond to Japan's call for correcting its announcement.

It is common in China to post altered contents even on the Foreign Ministry's website, for instance, deleting or altering descriptions over such issues as the protection of human rights and Taiwan. There was a case in which although Premier Wen Jiabao had said in a press conference in March 2005, when Japan-China relations were strained, "The relationship with Japan is one of the most important bilateral

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ties," the expression was changed into "important bilateral ties."

It has become customary that differences are found in the contents of both sides' announcements made after U.S.-China summits. But since such announcements are made verbally, the differences have been ignored, in a sense.

This time, however, because China rewrote a document agreed on by both countries' cabinet ministers, the problem came to light. Qin criticized the reports by the Japanese media as "going against the friendly and cooperative atmosphere." The Chinese government is trying to persist with its own logic, but trust in China in the international community was certainly undermined.

A diplomatic source said that the Chinese Foreign Ministry has been caught between the protest from Japan and hard-liners' views in China. Another person commented: "The People's Bank of China, which did not take part in the high-level meeting, exerts greater influence than the Foreign Ministry and the Commercial Department." One observer points out that the alteration of parts of the document might be attributed to sectionalism in the Chinese government.

12) Gov't assessment insufficient for Futenma relocation: Okinawa panel

Japan and the United States have agreed to relocate the U.S. military's Futenma airfield in Japan's southernmost island prefecture of Okinawa to the prefecture's northern coastal city of Nago. In this connection, the Defense Ministry has presented Okinawa Prefecture with a document explaining how to assess the potential impact of Futenma airfield's relocation on its newly planned site's environs. Meanwhile, the Okinawa prefectural government called a meeting of its environmental impact assessment review panel yesterday to examine the government-presented procedural document, with Seiko Tsukayama, a professor emeritus at the University of the Ryukyus, presiding over the panel. In the meeting, the panel worked out a report saying that the government document is too lacking in substance to be examined. The panel will finalize the report on Dec. 14 and will present it to Okinawa Gov. Hirokazu Nakaima early next week. The governor is expected to state his views to the Defense Ministry by Dec. 21 in line with the panel report. The governor's views have no legal binding force. Depending on the government's

response, however, relations between the government and Okinawa could go from bad to worse.

"It's hard to say that the document is sufficient in substance to judge whether its description of items and procedures (for an environmental impact assessment) is appropriate, and it's not enough to be examined." With this, the panel report criticized the government document.

The review panel asked 76 additional questions about 35 items on Nov. 30. The Defense Ministry answered some of these questions. In its answer, however, the ministry told the panel that what cannot be made clear at this point would be described in a preparatory document to be created after environmental assessment. One of the panel's members opined that it would be too late after an assessment. The panel report also notes that the government document fails to give sufficient answers.

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The panel asked what type of aircraft the U.S. military will use at the newly planned alternative base. In addition, the panel also asked how many airplanes will be based and what time they will make flights. The Defense Ministry has yet to clarify these points, saying that Japan and the United States are now holding discussions. The panel report says the government should submit another report to the panel and the Okinawa prefectural government as soon as the government decides on these items.

13) F-15 remodeling cost to be slashed

SANKEI (Page 2) (Abridged)
December 12, 2007

The Defense Ministry has plans to modernize the Air Self-Defense Force's F-15 mainstay fighter jets. However, the Defense Ministry's budget estimate for its plan to remodel 32 F-15 fighters will be slashed, sources said. The budget will be held down for about 20 F-15s, according to the sources. The F-15 remodeling plan was intended to vie with China's rapid modernization of its air force. However, the Finance Ministry severely scrutinized the Defense Ministry's budget estimate in the wake of scandals involving the Defense Ministry. The Defense Ministry has earmarked 112.3 billion yen in its budget request for F-15 modernization. However, it is certain that the F-15 budget slot will not be approved.

Japan's neighbors, including China, are deploying fourth-generation fighter jets at a high pitch. The F-15 is also a fighter model of the fourth generation. The Defense Ministry plans to enhance the F-15's radar and missile performance. The government's current midterm defense buildup plan is for the period of five fiscal years from 2005 to 2009. According to this plan, the Defense Ministry plans to remodel 26 F-15s. Eight F-15s have already undergone remodeling.

In July this year, the U.S. Congress decided to continue the United States' embargo on the F-22 Raptor, a likely candidate for the Air Self-Defense Force's follow-on fighter support plane (FX). The Defense Ministry therefore intended to speed up F-15 remodeling in an effort to improve Japan's anti-aircraft capability. As it stands, the Defense Ministry earmarked 112.3 billion yen in its fiscal 2008 budgetary estimate to remodel 32 F-15s that outnumber those planned under the midterm defense buildup program.

SCHIEFFER